OHIO AUDITOR OF STATE
KEITH FABER

FOXFIRE INTERMEDIATE SCHOOL
MUSKINGUM COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Foxfire Intermediate School
Muskingum County
2805 Pinkerton Road
Zanesville, Ohio 43701

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Foxfire Intermediate School, Muskingum County, Ohio (the Intermediate School), a component unit of Maysville Local School District, Muskingum County, Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Intermediate School's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foxfire Intermediate School, Muskingum County, Ohio as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Intermediate School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Intermediate School. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Intermediate School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Intermediate School's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Intermediate School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023, on our consideration of the Intermediate School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Intermediate School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Intermediate School's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

January 17, 2023

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The discussion and analysis of the Foxfire Intermediate School's (Intermediate School) financial performance provides an overall review of the Intermediate School's financial activities for the fiscal year ended June 30, 2022. Readers should also review the basic financial statements and notes to enhance their understanding of the Intermediate School's financial performance.

Intermediate School Highlights

The Intermediate School opened for its first year of operation in fiscal year 2011 for intermediate school age students who are at risk of dropping out of school, home schooled students, students who have experienced lack of success in traditional elementary and middle school settings, and nontraditional students of middle school age. When the Intermediate School was first established, the students served were middle school age. In fiscal year 2013, the Intermediate School began to serve students first through eighth grade. During fiscal year 2017, the Intermediate School only provided services to the first through third grades due to a change made by the Ohio Department of Education that now allows fourth through eighth grades to be served through a drop-out, recovery, and prevention school; therefore, the students were relocated to Foxfire High School. During fiscal year 2018 and 2019, the Intermediate School served students kindergarten through third grade. During fiscal years 2020 through 2022, the Intermediate School served students kindergarten through eighth grade. During fiscal year 2019, the Ohio Department of Education did not consider Foxfire High School a drop-out recovery school due to a majority of students at Foxfire High School being under the age of 16; therefore, grades fourth through eighth were moved from Foxfire High School back to the Intermediate School beginning with fiscal year 2020. During fiscal year 2022, the Intermediate School provided services to 133 full-time students.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the Foxfire Intermediate School did financially during fiscal year 2022. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the Intermediate School's net position and changes in the net position. The change in net position is important because it tells the reader whether the financial position of the Intermediate School has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

All of the Intermediate School's activities are reported in a single enterprise fund.

Table 1 provides a summary of the Intermediate School's net position for 2022 compared to 2021:

Table 1 - Net Position

	2022	2021	Change
Assets:			
Current and Other Assets	$1,406,954	$1,022,555	$384,399
Net OPEB Asset	147,046	93,827	53,219
Capital Assets	1,070,679	1,104,139	(33,460)
Total Assets	2,624,679	2,220,521	404,158
Deferred Outflows of Resources:			
Pension	1,203,494	1,005,558	197,936
OPEB	78,720	86,903	(8,183)
Total Deferred Outflows of Resources	1,282,214	1,092,461	189,753
Liabilities:			
Current and Other Liabilities	263,761	278,427	(14,666)
Long-Term Liabilities:			
Due Within One Year	67,343	63,763	3,580
Due In More Than One Year:			
Net Pension Liability	1,032,475	1,546,040	(513,565)
Net OPEB Liability	71,956	80,917	(8,961)
Other Amounts	549,857	594,793	(44,936)
Total Liabilities	1,985,392	2,563,940	(578,548)
Deferred Inflows of Resources:			
Pension	887,451	231,245	656,206
OPEB	263,951	240,461	23,490
Total Liabilities	1,151,402	471,706	101,148
Net Position:			
Net Investment in Capital Assets	487,957	457,654	30,303
Unrestricted (Deficit)	282,142	(180,318)	462,460
Total Net Position	$770,099	$277,336	$492,763

The net pension liability (NPL) is the largest single liability reported by the Intermediate School at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Intermediate School is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Total assets increased $404,158 during fiscal year 2022. This increase is directly attributable to an increase in cash and cash equivalents in the amount of $343,696. These cash and cash equivalent increases were due to an increase in State foundation payments due to a new funding system implemented by the Ohio Department of Education (ODE) and an increase in State and federal grants due to COVID-19 funding sources. Intergovernmental receivables increased in the amount of $25,084 due to new COVID-19 funding sources and an increase in the School Employees Retirement System and Medicaid reimbursements. Prepaids increased in the amount of $15,619 due to the timing of a subscription payment. The net OPEB asset also increased $53,219 due to an increase in the Intermediate School's proportionate share of the State Teachers Retirement System net OPEB asset. These increases were offset by a decrease in capital assets during fiscal year 2022 due to the Intermediate School updating their capital asset policy threshold amount from five hundred dollars to one thousand dollars during fiscal year 2022. The Intermediate School had no additions during the current fiscal year and depreciation was $32,821.

Total liabilities decreased $578,548 during fiscal year 2022. Current liabilities decreased $14,666 during fiscal year 2022 due to a decrease in staff by one position which resulted in decreases in accrued wages and benefits payable and in intergovernmental payable. Long-term liabilities decreased in the amount of $563,882 due mainly to a decrease in the net pension liability and the net OPEB liability which was due to a decrease in staff levels and a result of information provided by the School Employees Retirement System and the State Teachers Retirement System. Compensated absences payable increased in the amount of $22,407 due to more employees becoming probable to retire from the Intermediate School. The current year principal payments were $63,763 for the Intermediate School's building loan.

Table 2 reflects the changes in net position for fiscal year ended June 30, 2022, and comparisons to fiscal year 2021.

Table 2 - Change in Net Position

	2022	2021	Change
Operating Revenues:			
Foundation	$1,979,575	$1,790,245	$189,330
Non-Operating Revenues:			
State and Federal Grants	499,332	275,543	223,789
Interest Income	851	410	441
Other Non-Operating Revenues	9,195	9,929	(734)
Total Non-Operating Revenues	509,378	285,882	223,496
Total Revenues	2,488,953	2,076,127	412,826
Operating Expenses:			
Salaries	1,046,641	1,007,689	38,952
Fringe Benefits	311,099	286,923	24,176
Purchased Services	556,375	276,737	279,638
Materials and Supplies	14,842	61,292	(46,450)
Depreciation	32,821	32,745	76
Total Operating Expenses	1,961,778	1,665,386	296,392
Non-Operating Expenses:			
Loss on Disposal of Capital Assets	639	0	639
Interest and Fiscal Charges	33,773	37,190	(3,417)
Total Non-Operating Expenses	34,412	37,190	(2,778)
Total Expenses	1,996,190	1,702,576	293,614
Change in Net Position	492,763	373,551	119,212
Net Position Beginning of Year	277,336	(96,215)	373,551
Net Position End of Year	$770,099	$277,336	$492,763

During fiscal year 2022, operating revenues increased due to the receipt of additional State foundation payments due to a new ODE funding system implemented in fiscal year 2022. Non-operating revenues increased due to increases in COVID-19 funding available to the Intermediate School in fiscal year 2022. Interest income also increased due to an increase in monies invested and due an increase in interest rates.

The largest components of the increase in expenses is in purchased services, which is the result of increases in State and federal funding for new student programs and services. Materials and supplies decreased in fiscal year 2022 primarily due to the larger COVID-19 supply purchases in fiscal year 2021.

Budgeting

The Intermediate School is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Capital Assets and Debt Administration

Capital Assets - During fiscal year 2022, the Intermediate School had $1,070,679 in capital assets and accumulated depreciation was $272,039. See Note 4 for additional information regarding capital assets.

Debt - The Intermediate School entered into a loan with Peoples State Bank during fiscal year 2020 for the purchase of a school building and land in the amount of $750,000. Principal payments for fiscal year 2022 were $63,763. The net pension liability under GASB 68 and the net OPEB liability under GASB 75 were reported as a long-term obligations and have been previously disclosed within the management's discussion and analysis. See Note 12 for more detailed information of the Intermediate School's debt.

Current Design

The Intermediate School is designed for potential school dropouts, home schooled students, students who have experienced lack of success in traditional elementary school settings, and non-traditional students of elementary through middle school age. The program provides an open, non-discriminative environment where students are encouraged to work at their own pace while staff helps students overcome barriers that have hindered past academic achievements. This School will offer and operate a Student Support Team comprised of members from many local agencies that can offer assistance and programming to the students and their families. The Intermediate School is especially appealing to students by offering small class sizes, personal development, teaching Core Values, extensive wrap-around services, and educational adaptability.

The Intermediate School is based upon the Stephen Covey's Seven Habits of Highly Effective People. Students are expected to be introduced and given essential skills and areas of knowledge. The curriculum will be relevant and modeled from the sponsoring schools. Teaching and learning is personalized with students and their families. Teachers are coaches and teach students the capacity to learn so they ultimately teach themselves. Our wrap-around services will provide a foundation to the growth of each student.

Contacting the Intermediate School's Financial Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Intermediate School's finances and to show the Intermediate School's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis Sidwell, Treasurer, Foxfire Intermediate School, 2805 Pinkerton Road, Zanesville, Ohio 43701. You may also E-mail the treasurer at lsidwell@laca.org.

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Foxfire Intermediate School

Statement of Net Position

June 30, 2022

Assets:	
Current Assets:	
Cash and Cash Equivalents	$1,340,444
Intergovernmental Receivable	49,413
Prepaids	17,097
Total Current Assets	1,406,954
Noncurrent Assets:	
Net OPEB Asset	147,046
Nondepreciable Capital Assets	113,000
Depreciable Capital Assets, Net	957,679
Total Noncurrent Assets	1,217,725
Total Assets	2,624,679
Deferred Outflows of Resources:	
Pension	1,203,494
OPEB	78,720
Total Deferred Outflows of Resources	1,282,214
Liabilities:	
Current Liabilities:	
Accounts Payable	2,211
Accrued Wages and Benefits Payable	210,809
Intergovernmental Payable	41,836
Employee Withholding Payable	4,339
Accrued Interest Payable	4,566
Total Current Liabilities	263,761
Long-Term Liabilities:	
Due Within One Year	67,343
Due in More Than One Year:	
Net Pension Liability	1,032,475
Net OPEB Liability	71,956
Other Amounts	549,857
Total Long-Term Liabilities	1,721,631
Total Liabilities	1,985,392
Deferred Inflows of Resources:	
Pension	887,451
OPEB	263,951
Total Deferred Inflows of Resources	1,151,402
Net Position:	
Net Investment in Capital Assets	487,957
Unrestricted	282,142
Total Net Position	$770,099

See accompanying notes to the basic financial statements

Foxfire Intermediate School

Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2022

Operating Revenues:	
Foundation	$1,979,575
Operating Expenses:	
Salaries	1,046,641
Fringe Benefits	311,099
Purchased Services	556,375
Materials and Supplies	14,842
Depreciation	32,821
Total Operating Expenses	1,961,778
Operating Income	17,797
Non-Operating Revenues (Expenses):	
State and Federal Grants	499,332
Interest Income	851
Other Non-Operating Revenues	9,195
Loss on Disposal of Capital Assets	(639)
Interest and Fiscal Charges	(33,773)
Total Non-Operating Revenues (Expenses)	474,966
Change in Net Position	492,763
Net Position Beginning of Year	277,336
Net Position End of Year	$770,099

See accompanying notes to the basic financial statements

Foxfire Intermediate School
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Foundation	$1,978,875
Cash Payments for Employee Services and Benefits	(1,445,428)
Cash Payments to Suppliers for Goods and Services	(576,465)
Other Non-Operating Revenues	6,366
Net Cash Used for Operating Activities	(36,652)
Cash Flows from Noncapital Financing Activities:	
State and Federal Grants Received	477,533
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Loan	(63,763)
Interest Paid on Loan	(34,273)
Net Cash Used for Capital and Related Financing Activities	(98,036)
Cash Flows from Investing Activities:	
Interest Income	851
Net Increase in Cash and Cash Equivalents	343,696
Cash and Cash Equivalents Beginning of Year	996,748
Cash and Cash Equivalents End of Year	$1,340,444
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$17,797
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	32,821
Non-Operating Revenues	9,195
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable	(3,285)
Increase in Prepaids	(15,619)
Decrease in Net OPEB Asset	32,802
Decrease in Deferred Outflows - Pension	511,976
Decrease in Deferred Outflows - OPEB	20,656
Increase in Accounts Payable	2,211
Decrease in Accrued Wages and Benefits Payable	(13,123)
Decrease in Intergovernmental Payable	(4,018)
Increase in Employee Withholding Payable	764
Increase in Compensated Absences Payable	22,407
Decrease in Net Pension Liability	(43,126)
Increase in Net OPEB Liability	5,600
Decrease in Deferred Inflows - Pension	(524,145)
Decrease in Deferred Inflows - OPEB	(89,565)
Net Cash Used for Operating Activities	($36,652)

See accompanying notes to the basic financial statements

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Note 1 - Description of the School

Foxfire Intermediate School (Intermediate School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Intermediate School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Intermediate School's tax exempt status. The Intermediate School's mission is to maximize all students' potential by the teaching of high academic standards and overall student wellness to increase capabilities by bridging gaps in the best interests of each individual student. The Intermediate School is designed to serve home schooled students, students who have experienced lack of success in traditional elementary and middle school settings, and non-traditional students of elementary and middle school age.

The Intermediate School was established on May 15, 2010, and began its first year of operations in fiscal year 2011. When the Intermediate School was first established, the students served were middle school age but then in fiscal year 2013 they began to serve students first through eighth grade. In fiscal year 2017, the Intermediate School decreased the grades served to students first through third grade. The students in fourth through eighth grade were relocated to the Foxfire High School. This change in the grades served was due to a change in the Ohio Department of Education which now allows a drop-out, recovery, and prevention school (Foxfire High School) to serve grades four through twelve. In fiscal year 2018, the Intermediate School added kindergarten. In fiscal years 2020 through 2022, the Intermediate School served students kindergarten through eighth grade. Students in grades fourth through eighth were relocated from Foxfire High School to the Intermediate School in fiscal year 2020. This change was made so that Foxfire High School would qualify as a drop-out, recovery, and prevention school again after losing their status in fiscal year 2019 due to the majority of students being under the age of 16.

The Intermediate School entered into a contract with the Maysville Local School District (the Sponsor). The Sponsor is responsible for evaluating the performance of the Intermediate School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the Intermediate School with the Treasurer of the Sponsor serving also as the role of Treasurer for the Intermediate School.

The Intermediate School operates under the direction of a five-member Board of Directors composed of five community members recommended by the Executive Director after consulting with the Sponsor's Superintendent. All governing authority members are required to live and/or work in the Zanesville-Muskingum County community and are to represent the interest of the Muskingum County community. The Board of Directors approves the Intermediate School's staff of three noncertified and fifteen certificated full time teaching personnel who provide services to 133 students. The Intermediate School is a component unit of the Sponsor. The Sponsor is able to impose its will on the Intermediate School and, due to their relationship with the Sponsor, it would be misleading to exclude them. The Sponsor can suspend the Intermediate School's operations for any of the following reasons: 1) The Intermediate School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Intermediate School's failure to meet generally accepted standards of fiscal management, 3) The Intermediate School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors is responsible for carrying out the provisions of the contract which include, but is not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of the Intermediate School and the students it serves. The Intermediate School used the facilities provided by the Sponsor in prior years; however, in fiscal year 2020, the Intermediate School, along with the Foxfire High School, purchased the facilities from the Sponsor. In the initial months of operation of the Intermediate School, the employees were considered employees of the Sponsor. Beginning

January 1, 2011, the employees became employees of the Intermediate School.

The Intermediate School participates in two insurance purchasing pools, the Ohio School Benefits Cooperative and Better Business Bureau of Central Ohio, Incorporated – Workers' Compensation Group. These organizations are presented in Note 13.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Intermediate School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Intermediate School's accounting policies are described below.

Basis of Presentation

The Intermediate School's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

The Intermediate School uses a single enterprise fund to present its financial records for the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

Measurement Focus

The enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Intermediate School are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the Intermediate School finances meet its cash flow needs.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Intermediate School's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which the Intermediate School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Intermediate School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Intermediate School on a reimbursement basis. Expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Intermediate School, deferred outflows of resources are reported on the statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Intermediate School, deferred inflows of resources include pension and OPEB plans. These amounts have been recorded as a deferred inflow on the statement of net position. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 9 and 10)

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the Intermediate School's contract with its Sponsor. The contract between the Intermediate School and its Sponsor does not prescribe an annual budget requirement in addition to preparing a five year forecast, which is updated on an annual basis.

Cash and Cash Equivalents

Cash received by the Intermediate School is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with original maturities of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2022, the Intermediate School had no investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaids using the consumption method. A current asset for the period amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

Capital Assets

The Intermediate School's capital assets during fiscal year 2022 consisted of buildings and improvements, land, computer equipment, video equipment, office equipment, and signs. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Intermediate School maintains a capitalization threshold of one thousand dollars. All of the Intermediate School's reported capital assets, except land, are depreciated using the straight-line method over the useful life from five to 20 years for equipment and 20 to 40 years for buildings and improvements.

Compensated Absences

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Intermediate School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Intermediate School's termination policy. The Intermediate School currently has one employee that it anticipates as being probable to retire.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The statement of net position reports no restricted net position and has no monies restricted by enabling legislation.

Operating Revenues and Expenses

The Intermediate School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which they are earned and become measurable.

Other operating revenues are those revenues that are generated directly from the primary activity of the Intermediate School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Intermediate School. All revenues and expenses not meeting this definition are reported as non-operating.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions/Other Postemployement Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Note 3 - Deposits

Protection of the Intermediate School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Intermediate School's deposits may not be returned. The Intermediate School does not have a deposit policy for custodial credit risk. At June 30, 2022, the bank balance of the Intermediate School's deposits was $1,346,608. All of the bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

The Intermediate School had no investments during fiscal year 2022.

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable Capital Assets				
Land	$113,000	$0	$0	$113,000
Depreciable Capital Assets				
Buildings and Improvements	976,548	0	0	976,548
Equipment	271,809	0	(18,639)	253,170
Total at Historical Cost	1,248,357	0	(18,639)	1,229,718
Less Accumulated Depreciation				
Buildings and Improvements	(35,419)	(25,191)	0	(60,610)
Equipment	(221,799)	(7,630)	18,000	(211,429)
Total Accumulated Depreciation	(257,218)	(32,821)	18,000	(272,039)
Depreciable Capital Assets, Net of Accumulated Depreciation	991,139	(32,821)	(639)	957,679
Governmental Activities Capital Assets, Net	$1,104,139	($32,821)	($639)	$1,070,679

Note 5 - Intergovernmental Receivable

Receivables at June 30, 2022, consisted of intergovernmental grants. The receivables are expected to be collected in full within one year.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Title I Grant	$11,850
School Emergency Relief Grant	7,026
American Rescue Plan, Idea, Part B Grant	7,532
American Rescue Plan, Idea Early Childhood Special Education Grant	558
Medicaid	12,858
School Employees Retirement System Refund	9,133
State Foundation Adjustments	456
Total	$49,413

Note 6 - Risk Management

The Intermediate School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the Intermediate School contracted with Liberty Mutual Insurance – The Netherlands Insurance Company and Indiana Insurance Company through the Young Insurance Agency, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, , and builder's risk insurance. Coverage provided is as follows:

Building and Contents - replacement cost	$12,886,612
Commercial General Liability:	
Per Occurrence	1,000,000
Damage to Premises Rented to you Limit	100,000
Medical Expense Limit	5,000
General Aggregate Limit	2,000,000
Products/Completed Operations Aggregate Limit	2,000,000
Personal and Advertising Injury Limit	1,000,000
Commercial Umbrella Liability:	
Each Occurrence to the General Aggregate and Products/Completed Operations Aggregate Limits	5,000,000
General Aggregate Limit	5,000,000
Products/Completed Operations Aggrefate Limit	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

During fiscal year 2022, the Intermediate School participated in the Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group (Group), an insurance purchasing pool (Note 13) for Group Ratings. The intent of the Group is to achieve the benefit of a reduced premium for the Intermediate School by virtue of its grouping and representation with other participants in the Group. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Group. Each participant pays its workers' compensation premium to the State based on the rate for the Group rather than its individual rate. Participation in the Group is limited to members that can meet the Group's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the Group.

Note 7 - Related Party Transactions

The Board of Directors of the Intermediate School consists of five community members recommended by the Executive Director of the Intermediate School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Intermediate School is presented as a component unit of the Sponsor.

During fiscal year 2022, the Intermediate School paid the Sponsor $52,393 for the sponsorship fee. As of June 30, 2022, there were no amounts owed by the Intermediate School to the Sponsor.

Note 8 - Intermediate School's Expenses

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Other Instruction (1400 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
Direct expenses:						
Salaries & wages (100 object codes)	$459,352	$351,715	$750	$228,326	$1,750	$1,041,893
Employees' benefits (200 object codes)	207,463	113,594	222	81,986	270	403,535
Professional and technical services (400 object codes)	4,844	0	81,207	473,658	300	560,009
Supplies (500 object codes)	15,291	1,165	0	0	0	16,456
Principal (810 object code)	0	0	0	0	63,763	63,763
Interest (820 object code)	0	0	0	0	34,273	34,273
Total expenses	$686,950	$466,474	$82,179	$783,970	$100,356	$2,119,929

Expenses are shown on a cash basis.

Note 9 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. Pensions/OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the Intermediate School's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Intermediate School's obligation for this liability to annually required payments. The Intermediate School cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Intermediate School does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – The Intermediate School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Intermediate School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Intermediate School's contractually required contribution to SERS was $17,050 for fiscal year 2022. Of this amount, $1,131 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – the Intermediate School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The Intermediate School's contractually required contribution to STRS was $118,940 for fiscal year 2022. Of this amount, $27,846 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Intermediate School's proportion of the net pension liability was based on the Intermediate School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.0038445%	0.00533862%	
Current Measurement Date	0.0038150%	0.00697421%	
Change in Proportionate Share	-0.0000295%	0.00163559%	
Proportionate Share of the Net Pension Liability	$140,761	$891,714	$1,032,475
Pension Expense	$41,301	$39,394	$80,695

At June 30, 2022, the Intermediate School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$13	$27,549	$27,562
Changes of assumptions	2,964	247,378	250,342
Changes in proportionate Share and difference between Intermediate School contributions and proportionate share of contributions	28,469	761,131	789,600
Intermediate School contributions subsequent to the measurement date	17,050	118,940	135,990
Total Deferred Outflows of Resources	$48,496	$1,154,998	$1,203,494
Deferred Inflows of Resources			
Differences between expected and actual experience	$3,651	$5,589	$9,240
Net difference between projected and actual earnings on pension plan investments	72,497	768,488	840,985
Changes in Proportionate Share and Difference between Intermediate School contributions and proportionate share of contributions	1,444	35,782	37,226
Total Deferred Inflows of Resources	$77,592	$809,859	$887,451

$135,990 reported as deferred outflows of resources related to pension resulting from Intermediate School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$9,710	$84,555	$94,265
2024	(16,366)	106,372	90,006
2025	(17,238)	114,158	96,920
2026	(22,252)	(78,886)	(101,138)
Total	($46,146)	$226,199	$180,053

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Intermediate School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Intermediate School's proportionate share of the net pension liability	$234,194	$140,761	$61,967

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the Intermediate School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Intermediate School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Intermediate School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Intermediate School's proportionate share of the net pension liability	$1,669,849	$891,714	$234,194

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2022, none of the Board of Education members elected Social Security.

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Intermediate School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the Intermediate School's surcharge obligation was $2,188.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Intermediate School's contractually required contribution to SERS was $2,188 for fiscal year 2022; all was reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Intermediate School's proportion of the net OPEB liability (asset) was based on the Intermediate School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.0037232%	0.00533862%	
Current Measurement Date	0.0038019%	0.00697421%	
Change in Proportionate Share	-0.0000787%	-0.00163559%	
Proportionate Share of the:			
Net OPEB Liability	$71,956	$0	$71,956
Net OPEB (Asset)	$0	($147,046)	($147,046)
OPEB Expense	$2,962	($31,281)	($28,319)

At June 30, 2022, the Intermediate School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$767	$5,236	$6,003
Changes of assumptions	11,288	9,392	20,680
Changes in proportionate Share and difference between Intermediate School contributions and proportionate share of contributions	44,717	5,132	49,849
Intermediate School contributions subsequent to the measurement date	2,188	0	2,188
Total Deferred Outflows of Resources	$58,960	$19,760	$78,720
Deferred Inflows of Resources			
Differences between expected and actual experience	$35,836	$26,941	$62,777
Changes of assumptions	9,853	87,723	97,576
Net difference between projected and actual earnings on OPEB plan investments	1,563	40,758	42,321
Changes in Proportionate Share and Difference between Intermediate School contributions and proportionate share of contributions	16,268	45,009	61,277
Total Deferred Inflows of Resources	$63,520	$200,431	$263,951

$2,188 reported as deferred outflows of resources related to OPEB resulting from Intermediate School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($4,405)	($61,175)	($65,580)
2024	(4,416)	(60,154)	(64,570)
2025	(1,304)	(38,297)	(39,601)
2026	2,648	(16,528)	(13,880)
2027	1,648	(4,790)	(3,142)
Thereafter	(919)	273	(646)
Total	($6,748)	($180,671)	($187,419)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the Intermediate School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Intermediate School's proportionate share of the net OPEB liability	$89,160	$71,956	$58,209

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Intermediate School's proportionate share of the net OPEB liability	$55,399	$71,956	$94,067

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the Intermediate School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Intermediate School's proportionate share of the net OPEB asset	($124,084)	($147,046)	($166,227)

	1% Decrease	Current Trend Rate	1% Increase
Intermediate School's proportionate share of the net OPEB asset	($165,449)	($147,046)	($124,287)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

<u>Note 11 - Contingencies</u>

<u>Grants</u>

The Intermediate School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Intermediate School at June 30, 2022.

<u>State Foundation</u>

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Subsequent to June 30, 2022, there were multiple adjustments from the State to the foundation settlement reports for fiscal year 2022. The total of these adjustments indicated that the Intermediate School was underpaid by $454.31. The adjustment made in September 2022 of $455 has been recorded as an intergovernmental payable. There was an immaterial final adjustment in November 2022.

In addition, the Intermediate School's contract with their Sponsor, Maysville Local School District, requires payment based on revenues received from the State. As discussed above, there were multiple FTE adjustments for fiscal year 2022. Management believes this does not materially impact the financial statements, therefore no additional receivable to, or liability of, the Intermediate School has been shown as of June 30, 2022.

<u>Litigation</u>

The Intermediate School currently is not a party to any lawsuits.

<u>Note 12 - Long-Term Obligations</u>

The changes in the Intermediate School's long-term obligations during the fiscal year consist of the following:

	Outstanding 6/30/2021	Additions	Deletions	Outstanding 6/30/2022	Due Within One Year
Loans from Direct Placement	$646,485	$0	$63,763	$582,722	$67,343
Net Pension Liability:					
SERS	254,283	0	113,522	140,761	0
STRS	1,291,757	0	400,043	891,714	0
Total Net Pension Liability	1,546,040	0	513,565	1,032,475	0
Net OPEB Liability - SERS	80,917	0	8,961	71,956	0
Compensated Absences	12,071	22,407	0	34,478	0
Total Long-Term Obligations	$2,285,513	$22,407	$586,289	$1,721,631	$67,343

On August 9, 2019, the Intermediate School, together with Foxfire High School (High School), purchased the facilities utilized by the Intermediate School and High School from the Sponsor. The purchase price was $1,500,000. The Intermediate School and the High School received a loan through a direct borrowing from Peoples State Bank which matures August 9, 2026. The loan was for $1,500,000 and was issued in both the Intermediate School's and the High School's names and repayments will be made fifty percent from the Intermediate School and fifty percent from the High School.

The loan contains provisions in the event of default (1) lender may require the Intermediate School to gather the property and make it available to lender in a reasonable fashion if allowed by law; (2) lender may repossess (unless prohibited by law) or otherwise seize the property as provided by law; and (3) lender may sell property as provided by law.

The following is a summary of the Intermediate School's future annual debt service requirements for long-term obligations:

Fiscal Year Ending June 30,	Principal	Interest
2023	$67,343	$30,693
2024	71,054	26,982
2025	75,113	22,923
2026	79,330	18,705
2027	289,882	4,019
Total	$582,722	$103,322

There is no repayment schedule for the net pension/OPEB liability. For additional information related to the net pension/OPEB liability, see Notes 9 and 10.

Note 13 - Insurance Purchasing Pools

Ohio School Benefits Cooperative

The Intermediate School participates in the Ohio School Benefits Cooperative (OSBC), a claims servicing and group purchasing pool composed of fifteen members. The OSBC is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be Educational Service Center and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, eligible dependents, and designated beneficiaries of such employees.

Participants pay a $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. The Intermediate School elected to participate in the joint insurance purchasing program for medical and prescription drug coverage.

Better Business Bureau of Central Ohio, Incorporated - Workers' Compensation Group

The Intermediate School participated in a group rating plan for workers' compensation in calendar year 2021 and 2022 as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group (Group), an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Group's business and affairs are conducted by the President and CEO of the Better Business Bureau. Each year, the participants pay an enrollment fee to the Group to cover the costs of administering the program.

Note 14 - Changes in Accounting Principles

For fiscal year 2022, the Intermediate School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Intermediate School's 2022 financial statements; however, the Intermediate School did not have any items that qualified under GASB Statement 87 and there was no effect on beginning net position.

The Intermediate School is also implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92 *–Omnibus 2020, and* GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the Intermediate School's 2022 financial statements; however, there was no effect on beginning net position.

The Intermediate School also implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, *The Annual Comprehensive Financial Report.* GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for State and local governments.

For fiscal year 2022, the Intermediate School modified its approach related to the eligibility requirements of certain Intermediate School grants. This change in approach had no effect on beginning net position.

Note 15 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the Intermediate School received COVID-19 funding in the form of the Elementary and Secondary School Emergency Relief funding and American Rescue Plan Elementary and Secondary Relief funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Intermediate School. The impact on the Intermediate School's future operating costs, revenues, and additional recovery from funding, either federal or State, cannot be estimated. The Intermediate School's investment portfolio and the investments of the pension and other employee benefit plans in which the Intermediate School participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 16 – Relationship with Foxfire High School

Foxfire Intermediate School and Foxfire High School share the same building, in which certain utilities, insurance and maintenance expenses are paid exclusively by Foxfire High School. Additionally, employees paid exclusively by Foxfire High School are also utilized by Foxfire Intermediate School. The amount of these shared services paid by Foxfire High School and benefiting Foxfire Intermediate School totaled approximately $391,353 for fiscal year 2022.

Foxfire Intermediate School

Required Supplementary Information

Schedule of the Intermediate School's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Nine Fiscal Years (1) **

	2022	2021	2020	2019
Intermediate School's Proportion of the Net Pension Liability	0.0038150%	0.0038445%	0.0017386%	0.0019773%
Intermediate School's Proportionate Share of the Net Pension Liability	$140,761	$254,283	$104,023	$113,244
Intermediate School's Covered Payroll	$128,071	$144,071	$57,800	$66,267
Intermediate School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	109.91%	176.50%	179.97%	170.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the Intermediate School's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

2018	2017	2016	2015	2014
0.0028989%	0.0054900%	0.0053970%	0.0043960%	0.0039444%
$173,203	$401,817	$307,958	$222,480	$234,563
$85,600	$171,100	$162,314	$133,312	$119,794
202.34%	234.84%	189.73%	166.89%	195.81%
69.50%	62.98%	69.16%	71.70%	65.52%

Foxfire Intermediate School

Required Supplementary Information

Schedule of the Intermediate School's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Six Fiscal Years (1) **

	2022	2021	2020
Intermediate School's Proportion of the Net OPEB Liability	0.0038019%	0.0037232%	0.0015764%
Intermediate School's Proportionate Share of the Net OPEB Liability	$71,956	$80,917	$39,644
Intermediate School's Covered Payroll	$128,071	$144,071	$57,800
Intermediate School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.18%	56.16%	68.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the Intermediate School's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

2019	2018	2017
0.0017885%	0.0028527%	0.0055666%
$49,618	$76,559	$158,669
$66,267	$85,600	$171,100
74.88%	89.44%	92.73%
13.57%	12.46%	11.49%

Foxfire Intermediate School

Required Supplementary Information

Schedule of the Intermediate School's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Nine Fiscal Years (1) **

	2022	2021	2020	2019
Intermediate School's Proportion of the Net Pension Liability	0.00697421%	0.00533862%	0.00163485%	0.00207873%
Intermediate School's Proportionate Share of the Net Pension Liability	$891,714	$1,291,757	$361,538	$457,066
Intermediate School's Covered Payroll	$972,143	$802,536	$198,486	$237,257
Intermediate School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	91.73%	160.96%	182.15%	192.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the Intermediate School's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

2018	2017	2016	2015	2014
0.00212637%	0.00490487%	0.00609065%	0.00473443%	0.00394829%
$505,124	$1,641,808	$1,683,278	$1,151,577	$1,143,975
$139,521	$510,721	$662,600	$507,271	$423,038
362.04%	321.47%	254.04%	227.01%	270.42%
75.30%	66.80%	72.10%	74.70%	69.30%

Foxfire Intermediate School

Required Supplementary Information

Schedule of the Intermediate School's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

*Last Six Fiscal Years (1) **

	2022	2021	2020
Intermediate School's Proportion of the Net OPEB Liability (Asset)	0.00697421%	0.00533862%	0.00163485%
Intermediate School's Proportionate Share of the Net OPEB Liability (Asset)	($147,046)	($93,827)	($27,076)
Intermediate School's Covered Payroll	$972,143	$802,536	$198,486
Intermediate School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-15.13%	-11.69%	-13.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the Intermediate School's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

2019	2018	2017
0.00207873%	0.00212637%	0.00490487%
($33,402)	$82,963	$262,314
$237,257	$139,521	$510,721
-14.08%	59.46%	51.36%
176.00%	47.10%	37.30%

Foxfire Intermediate School

Required Supplementary Information
Schedule of the Intermediate School Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	(3) 2020	2019
Net Pension Liability				
Contractually Required Contribution	$17,050	$17,930	$20,170	$7,803
Contributions in Relation to the Contractually Required Contribution	(17,050)	(17,930)	(20,170)	(7,803)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Intermediate School Covered Payroll (2)	$121,786	$128,071	$144,071	$57,800
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution	$2,188	$1,834	$1,133	$289
Contributions in Relation to the Contractually Required Contribution	(2,188)	(1,834)	(1,133)	(289)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.80%	1.43%	0.79%	0.50%
Total Contributions as a Percentage of Covered Payroll (4)	15.80%	15.43%	14.79%	14.00%

(1) Fiscal year 2017 had a decrease in the number of grades served which decreased staff
(2) Foxfire Intermediate School covered payroll is the same for Pension and OPEB
(3) Fiscal year 2020 had an increase in the number of grades served which increased staff
(4) Includes Surcharge

See accompanying notes to required supplementary information

2018	(1) 2017	2016	2015	2014	2013
$8,946	$11,984	$23,954	$21,393	$18,477	$16,579
(8,946)	(11,984)	(23,954)	(21,393)	(18,477)	(16,579)
$0	$0	$0	$0	$0	$0
$66,267	$85,600	$171,100	$162,314	$133,312	$119,794
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$331	$1,143	$2,830	$4,235	$2,783	$2,400
(331)	(1,143)	(2,830)	(4,235)	(2,783)	(2,400)
$0	$0	$0	$0	$0	$0
0.50%	1.34%	1.65%	2.61%	2.09%	2.00%
14.00%	15.34%	15.65%	15.79%	15.95%	15.84%

Foxfire Intermediate School

Required Supplementary Information

Schedule of the Intermediate School Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2022	2021	(3) 2020	2019
Net Pension Liability				
Contractually Required Contribution	$118,940	$136,100	$112,355	$27,788
Contributions in Relation to the Contractually Required Contribution	(118,940)	(136,100)	(112,355)	(27,788)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Intermediate School Covered Payroll (2)	$849,571	$972,143	$802,536	$198,486
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) Fiscal year 2017 had a decrease in the number of grades served which decreased staff
(2) Foxfire Intermediate School covered payroll is the same for Pension and OPEB
(3) Fiscal year 2020 had a increase in the number of grades served which increased staff

See accompanying notes to required supplementary information

2018	(1) 2017	2016	2015	2014	2013
$33,216	$19,533	$71,501	$92,764	$65,945	$54,995
(33,216)	(19,533)	(71,501)	(92,764)	(65,945)	(54,995)
$0	$0	$0	$0	$0	$0
$237,257	$139,521	$510,721	$662,600	$507,271	$423,038
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$5,073	$4,230
0	0	0	0	(5,073)	(4,230)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability presented as follows:

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Foxfire Intermediate School
Muskingum County
2805 Pinkerton Road
Zanesville, Ohio 43701

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the Foxfire Intermediate School, Muskingum County, Ohio (the Intermediate School), a component unit of Maysville Local School District, Muskingum County, Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Intermediate School's basic financial statements and have issued our report thereon dated January 17, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measure which may impact subsequent periods of the Intermediate School.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Intermediate School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Intermediate School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Intermediate School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Intermediate School's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Intermediate School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Intermediate School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Intermediate School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

January 17, 2023

OHIO AUDITOR OF STATE
KEITH FABER

FOXFIRE INTERMEDIATE SCHOOL

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 1/31/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370